

KENTUCKY ECONOMIC INDICATORS

April 2007 as of June 25, 2007

KY Composite Index of Leading Indicators decreased by 7.2 percent in April.

- The Leading Index decreased for the third time this year.
- Year-over-year growth decreased by 0.5 percent.
- The component indicators were mostly negative 1:4.
 - KY Labor Intensity Index decreased 0.8 percent.
 - KY Index of Initial UI Claims decreased by 10.0 percent.
 - US Retail Sales decreased by 0.7 percent.
 - + US Manufacturer's New Orders Index increased 5.7 percent.
 - Louisville Help Wanted Index decreased by 14 points to 29.

Component weights for April are 61.8, 17.2, 12.6, 6.6 and 1.9 respectively.

KY Composite Index of Coincident Indicators increased by 0.4 percent in April.

- The Coincident Index is positive for the third time this year.
- Year-over-year growth is positive for the forty-fifth consecutive month at 1.5 percent.
- The component indicators leaned positive, 2:1.
 - KY Nonagricultural Employment decreased 3.2 percent.
 - + US Industrial Production Index increased 5.4 percent.
 - + US Personal Income Less Transfers increased 1.1 percent.

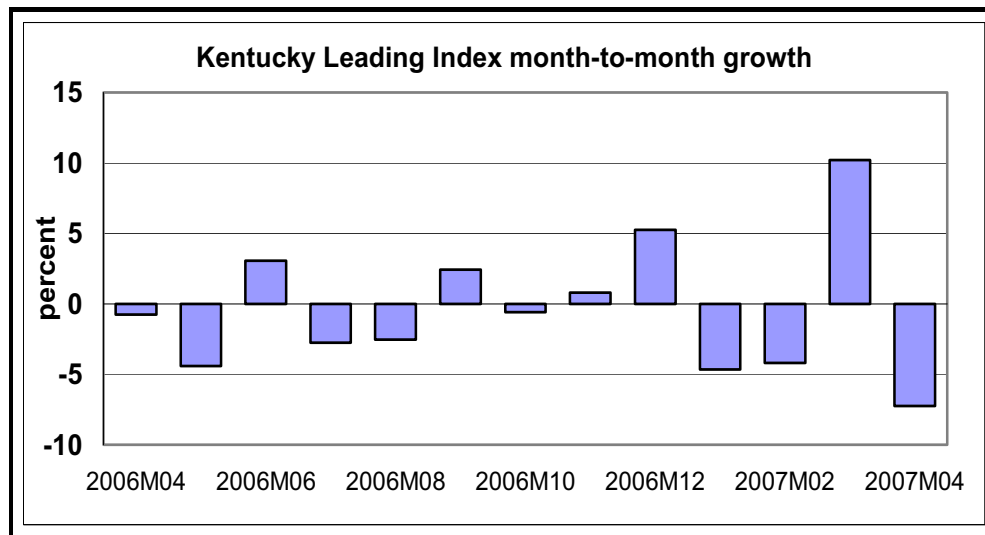
Component weights for April are 37.8, 27.0 and 22.7 respectively. Component weights do not sum to one because the two US components were discounted to give the Kentucky component more weight.

The Kentucky Leading Index declined by 7.2 percent for April. The strong March value helped cushion April's losses, so that the series is only down on net by 0.5 percent over last April. It is now six years since the beginning of the 2001 recession and the Kentucky Leading Index still has not surpassed its pre-recession position of 110.9, which was recorded on March 2000. The index to date has made up 65.5 percent of its 2001 recession losses. Large swings in the Kentucky Index of Initial Unemployment Insurance Claims, the US Manufacturer's New Orders Index and the Louisville Help Wanted Index in the last five months have contributed to the high volatility of the Kentucky Leading Index. The index continues to hover near the 109.5 level.

Four of the five index components were negative in April. The Kentucky Index of Initial Unemployment Insurance Claims and the Louisville Help Wanted Index were the two largest losers, declining 10.0 percent and 99.1 percent respectively (seasonally adjusted annual rates) from March. The March value of the Louisville Help Wanted Index was substantially revised up from 27 to 43. With that upward revision, the April value is a substantial decline, instead of a small increase. The Kentucky Index of Initial Unemployment Insurance Claims series is an inverted index, so increases in the components result in decreases in the index. Both components of the Kentucky Index of Initial Unemployment Insurance Claims increased in April. Kentucky First Payments increased by 13.5 percent and US Initial Claims increased by 4.0 percent for April. The index continues to put downward pressure on the Kentucky Leading Index. Combined February and March ended up being a small net loss for the series. The series is down 1.2 points from January 2007 and is down 1.5 percent over last April.

Kentucky Nonagricultural Employment declined by 3.2 percent for April. The majority of these losses occurred in the Private Services sectors. Despite April's losses, Kentucky Nonagricultural Employment is up by a net 1,800 jobs since January 2007 and is up by 13,400 net jobs over April 2006.

Our indices are compiled and published on a monthly basis, roughly two weeks following the Conference Board release of the U.S. Leading Index. A complete description of the Index of Leading Indicators and methodology was published in the University of Kentucky Center for Business and Economic Research *Kentucky Annual Economic Report, 2000*.



About the Indicators

Kentucky Reference Series

Inflation-adjusted personal income less transfer payments and policy-adjusted general fund tax receipts are combined to form the GOEA composite reference series.

Kentucky Leading Indicators

- **GOEA Labor Intensity Index:** Composed of seasonally adjusted weekly hours multiplied by employment for the following manufacturing industries: Lumber products; chemical and allied products; petroleum, coal, rubber and plastic products; fabricated metals and transportation equipment.
- **GOEA Initial Unemployment Insurance (UI) Claims Index:** This index has two components: Kentucky claims in their first month of payment and total U.S. initial claims. Additional claims for UI are the subset of initial claims filed by workers who have previously filed UI claims but are currently filing new claims with intermittent workforce attachment since their original claim. The claims in their first month of payment without intermittent qualified experience performed better in the testing process and were chosen accordingly.
- **U.S. Retail Sales:** During turning points in the Kentucky economy, U.S. Retail Sales was not strictly concave or convex to the origin. For this reason inflexion points were used to test turning points in the U.S. Retail Sales series. U.S. Manufacturing and Trade Sales performed better than U.S. Retail Sales in testing, but because U.S. Manufacturing and Trade Sales was not published in a timely manner it had to be removed from the Kentucky Leading Index.
- **U.S. Manufacturer's New Orders Index:** This index has two components: US Manufacturer's New Orders for Nondefense Capital Goods and US Manufacturer's New Orders for Consumer Goods and Materials. Separately these two series slightly missed one or two turning points in the official reference series. But together they preceded each turning point.
- **Louisville Help-Wanted Index:** The Conference Board computes an index of help-wanted advertisements for major regions across the United States; Louisville is the only city in Kentucky covered by the Conference Board.

Table Notes:

- 1) Growth rates are computed with precise numbers. Due to rounding, two observations may have the same reported value but still exhibit growth at a more precise level.
- 2) More information is available on our website, www.osbd.ky.gov

*Office of State Budget Director
Room 284, Capitol Annex
Frankfort, Kentucky 40601-3453*

*Thomas Jones
Phone: 502-564-7300
taj@ky.gov*

**SELECTED KENTUCKY ECONOMIC INDICATORS
SEASONALLY ADJUSTED**

	2006												2007			
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL
KY Leading Index (1992=100)	109.9	109.5	109.7	109.5	109.2	109.5	109.4	109.5	110.0	109.5	109.1	110.0	109.3			
% Chg Previous Month SAAR	-0.8	-4.4	3.1	-2.8	-2.5	2.4	-0.6	0.8	5.3	-4.7	-4.2	10.2	-7.2			
% Chg Same Month Last Year	1.0	0.6	0.5	0.3	0.0	0.2	-0.1	-0.4	0.0	-0.5	-0.7	0.1	-0.5			
KY Leading Index Diffusion Index	66.7	56.7	56.7	50.0	53.3	53.3	60.0	70.0	70.0	73.3	70.0	76.7	63.3			
KY Coincident Index (1992=100)	134.1	134.1	134.5	134.5	134.8	134.9	135.2	135.3	135.7	135.5	135.8	136.0	136.1			
% Chg Previous Month SAAR	0.0	-0.5	3.8	0.0	2.6	1.2	3.1	0.1	3.6	-1.5	3.0	1.8	0.4			
% Chg Same Month Last Year	2.5	2.2	2.2	2.1	3.1	2.7	2.6	2.1	2.0	1.6	1.6	1.4	1.5			
KY Nonag Employment (000s)	1,842.7	1,845.2	1,845.6	1,838.9	1,846.3	1,845.8	1,844.0	1,846.1	1,850.9	1,854.3	1,854.1	1,861.2	1,856.1			
% Chg Previous Month SAAR	-4.4	1.6	0.3	-4.3	4.9	-0.3	-1.2	1.4	3.2	2.2	-0.1	4.7	-3.2			
% Chg Same Month Last Year	1.2	1.2	1.2	0.8	0.8	0.8	0.8	0.6	0.9	0.7	0.6	0.6	0.7			
KY Private Services Employment (000s)	1,158.7	1,159.7	1,161.0	1,161.9	1,162.1	1,164.1	1,163.8	1,164.8	1,161.7	1,170.9	1,171.5	1,175.3	1,170.3			
% Chg Previous Month SAAR	-4.7	1.1	1.4	0.9	0.2	2.2	-0.3	1.0	-3.1	9.9	0.6	4.0	-5.0			
% Chg Same Month Last Year	1.6	1.6	1.6	1.5	1.4	1.4	1.2	1.2	0.8	1.4	1.3	1.0	1.0			
KY Mfg Employment (000s)	262.4	261.7	262.1	257.6	261.1	261.3	259.4	260.6	262.1	260.9	259.7	258.1	259.6			
% Chg Previous Month SAAR	-3.6	-3.2	1.8	-18.8	17.6	0.9	-8.4	5.7	7.1	-5.4	-5.4	-7.1	7.2			
% Chg Same Month Last Year	-0.4	-0.4	-0.2	0.3	-0.3	-0.3	-1.1	-1.0	0.1	-0.9	-1.3	-1.9	-1.1			
KY Unemployment Rate (%)	5.8	5.7	5.7	5.7	5.7	5.7	5.7	5.6	5.4	5.6	5.7	5.4	5.3			
KY Index of Initial UI Claims	104.2	103.0	103.9	103.5	102.3	102.9	103.1	102.7	103.5	103.9	102.2	103.6	102.7			
% Chg Previous Month SAAR	3.1	-13.2	11.0	-4.1	-13.2	6.8	2.4	-4.8	9.8	4.7	-17.6	17.6	-10.0			
% Chg Same Month Last Year	0.9	0.2	0.6	0.3	-0.8	2.2	0.3	-1.0	-0.3	-1.1	-2.0	-0.4	-1.5			
KY Labor Intensity Index (1992=100)	104.9	104.9	105.1	104.7	104.9	104.8	104.8	104.8	104.8	104.9	104.7	104.8	104.7			
% Chg Previous Month SAAR	-2.8	-0.4	2.3	-4.1	1.7	-0.7	0.0	0.4	-0.3	0.9	-1.7	0.3	-0.8			
% Chg Same Month Last Year	0.1	0.3	0.5	0.3	0.3	0.2	0.2	0.2	-0.1	-0.1	-0.3	-0.4	-0.2			
Louisville HWI (1992=100)	40.0	35.0	37.0	34.0	32.0	35.0	36.0	38.0	42.0	35.0	31.0	43.0	29.0			
% Chg Previous Month SAAR	0.0	-79.9	94.8	-63.7	-51.7	193.1	40.2	91.3	232.3	-88.8	-76.7	4,973.2	-99.1			
% Chg Same Month Last Year	5.3	-10.3	-9.8	-17.1	-30.4	-37.5	-33.3	-26.9	-19.2	-20.5	-26.2	7.5	-27.5			
GF Total Tax Receipts (\$ mill)	756.5	705.2	808.7	578.7	553.1	834.7	630.1	630.7	881.4	682.8	544.3	652.7	671.9			
% Chg Same Month Last Year	-6.4	34.2	9.5	0.8	-0.4	7.2	-0.4	-0.1	5.4	0.2	7.1	9.1	-11.2			
GF Sales & Use Receipts (\$ mill)	230.5	235.4	230.8	249.3	230.4	224.0	242.5	223.8	238.9	286.2	193.6	212.5	202.4			
% Chg Same Month Last Year	2.8	8.9	5.1	4.6	6.0	-2.4	2.9	2.4	4.4	-1.0	1.3	3.9	-12.2			
GF Income Tax Receipts (\$ mill)	340.2	213.1	259.5	228.6	227.4	281.8	248.4	242.6	269.2	202.1	227.1	204.0	283.4			
% Chg Same Month Last Year	-17.8	-1.0	-2.6	-4.0	-9.3	1.4	-4.2	3.7	5.9	-8.5	14.1	19.0	-16.7			

**SELECTED U.S. ECONOMIC INDICATORS
SEASONALLY ADJUSTED**

	2006												2007			
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL
US Leading Index (1996=100)	138.2	137.6	137.8	137.5	137.0	137.6	137.6	137.6	138.4	138.0	137.2	138.0	137.6			
% Chg Previous Month SAAR	-2.6	-5.1	1.8	-2.6	-4.3	5.4	0.0	0.0	7.2	-3.4	-6.7	7.2	-3.4			
% Chg Same Month Last Year	2.4	1.6	0.9	0.7	0.2	1.4	0.7	-0.2	0.1	-0.4	-0.5	-0.4	-0.4			
US Coincident Index (1996=100)	121.7	121.8	122.0	122.2	122.5	122.6	123.0	123.0	123.4	123.3	123.5	123.7	123.8			
% Chg Previous Month SAAR	1.0	1.0	2.0	2.0	3.0	1.0	4.0	0.0	4.0	-1.0	2.0	2.0	1.0			
% Chg Same Month Last Year	2.5	2.4	2.3	2.2	3.2	2.8	2.8	2.2	2.2	1.8	1.8	1.7	1.7			
US Non-Farm Employment (Mil.)	135.8	135.9	136.0	136.3	136.4	136.6	136.7	136.9	137.2	137.3	137.4	137.6	137.7			
% Chg Previous Month SAAR	1.3	0.9	1.1	2.0	1.7	1.8	1.0	1.7	2.0	1.4	0.8	1.5	0.7			
% Chg Same Month Last Year	2.0	1.9	1.8	1.7	1.7	1.8	1.8	1.7	1.7	1.6	1.5	1.4	1.4			
US Service-Providing Employment (Mil.)	113.2	113.3	113.4	113.6	113.8	114.0	114.2	114.4	114.6	114.8	115.0	115.1	115.2			
% Chg Previous Month SAAR	1.2	1.2	1.1	2.3	1.9	2.2	1.7	2.6	2.4	1.3	1.9	1.5	1.2			
% Chg Same Month Last Year	1.9	1.9	1.8	1.7	1.7	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.8			
US Manufacturing Employment (000s)	14,227.0	14,215.0	14,238.0	14,229.0	14,218.0	14,206.0	14,166.0	14,143.0	14,131.0	14,130.0	14,113.0	14,090.0	14,070.0			
% Chg Previous Month SAAR	1.3	-1.0	2.0	-0.8	-0.9	-1.0	-3.3	-1.9	-1.0	-0.1	-1.4	-1.9	-1.7			
% Chg Same Month Last Year	-0.2	-0.2	0.1	0.1	0.1	0.2	-0.2	-0.4	-0.5	-0.6	-0.7	-0.9	-1.1			
US Unemployment Rate (%)	4.7	4.6	4.6	4.8	4.7	4.6	4.4	4.5	4.5	4.6	4.5	4.4	4.5			
US Manufacturer's New Orders Index (1996=100)	132.4	132.2	132.5	131.2	129.4	132.2	129.0	129.0	132.3	125.7	125.9	129.6	130.2			
% Chg Previous Month SAAR	-21.7	-2.2	2.6	-11.2	-14.7	28.7	-25.1	0.1	34.8	-45.9	2.5	40.7	5.7			
% Chg Same Month Last Year	4.1	-0.2	-1.0	1.0	-3.0	0.6	-2.6	-6.0	-3.0	-5.3	-4.9	-4.1	-1.7			
US Initial Claims for UI (000s)	311.9	331.4	309.7	312.7	316.3	315.3	314.1	327.4	320.0	310.3	338.2	316.3	328.9			
% Chg Previous Month SAAR	20.0	107.0	-55.6	12.3	14.7	-3.7	-4.5	64.5	-24.0	-30.9	181.0	-55.2	59.8			
% Chg Same Month Last Year	-4.1	1.3	-4.4	-2.2	-0.1	-20.2	-8.2	3.8	1.9	6.9	10.9	3.0	5.5			
US Industrial Production Index	110.9	110.9	111.9	112.3	112.5	112.2	112.0	111.5	112.2	111.7	112.5	112.2	112.7			
% Chg Previous Month SAAR	11.3	-0.8	11.2	4.9	2.3	-3.7	-1.8	-4.9	7.8	-5.7	9.5	-3.1	5.4			
% Chg Same Month Last Year	4.5	4.0	4.3	4.7	4.6	6.0	4.6	3.0	2.8	2.4	2.9	2.1	1.6			
US Personal Inc Less Trans. (Bil. 2000 chained)	8,055.8	8,028.1	8,051.6	8,062.3	8,067.0	8,135.0	8,254.5	8,284.6	8,294.3	8,272.4	8,290.3	8,316.1	8,323.5			
% Chg Previous Month SAAR	-4.9	-4.0	3.6	1.6	0.7	10.6	19.1	4.5	1.4	-3.1	2.6	3.8	1.1			
% Chg Same Month Last Year	3.7	3.1	2.8	2.3	6.9	3.7	4.9	4.5	4.0	3.0	2.7	2.8	3.3			
CPI, All Urban (1982-84=100)	200.8	201.9	202.4	203.2	203.8	202.7	201.8	201.9	202.8	203.2	203.9	205.1	206.0			
% Chg Previous Month SAAR	7.5	6.8	3.0	4.8	3.6	-6.3	-5.2	0.6	5.5	2.1	4.5	7.5	5.1			
% Chg Same Month Last Year	3.6	4.1	4.3	4.2	3.9	2.1	1.3	2.0	2.5	2.1	2.4	2.8	2.6			
US Retail Sales (\$Billions)	361.4	360.0	359.2	364.0	364.2	362.0	362.0	363.2	367.3	367.2	369.3	372.9	372.6			
% Chg Previous Month SAAR	14.8	-4.6	-2.4	17.1	0.9	-7.2	0.0	4.2	14.4	-0.4	6.9	12.2	-0.7			
% Chg Same Month Last Year	7.1	7.1	5.0	4.6	6.3	5.4	4.9	4.5	5.6	2.2	3.6	4.4	3.1			
US Consumer Expectations (1966=100)	73.4	68.2	72.0	72.5	68.0	78.2	84.8	83.2	81.2	87.6	81.5	78.7	75.9			
% Chg Previous Month AR	-34.1	-58.6	91.7	8.7	-53.6	435.0	164.4	-20.4	-25.3	148.5	-57.9	-34.3	-35.3			
% Chg Same Month Last Year	-4.7	-9.4	-15.3	-15.2	-11.6	23.5	34.2	19.5	1.2	11.0	9.4	3.6	3.4			
Ave. Prime Interest Rate (% NSA)	7.75	7.93	8.02	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25			